

Service Date: May 6, 1999

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER OF SHELBY)
GAS ASSOCIATION, INC.,)
Application for a Rate Increase.)

UTILITY DIVISION

DOCKET NO. D99.2.53
ORDER NO. 6161

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INTERIM ORDER

FINDINGS OF FACT

1. On February 22, 1999, the Shelby Gas Association, Inc., (SGA) filed for an increase in natural gas rates. SGA anticipates that the requested increase will increase revenue for the balance of its FY99 by \$25,000 to \$35,000 and allow SGA to mitigate its projected loss. Due to a warmer than usual year, SGA sales for FY98 were down 15% compared to FY97 and SGA closed with a loss of \$26,632 due to operations, and a net loss of \$14,479. For the first three months of FY99, SGA's sales are down an additional 4.7% compared to the same period in FY98. 1999 losses for the three month period are \$12,422 compared to losses of \$4,351 compared to the same three month period in FY98.

2. SGA is projecting additional FY99 operational expenses over FY98 due to higher labor costs and its Universal Systems Benefits Program. Without relief, SGA states that with these additional costs it is projecting a FY99 loss of between \$25,000 and \$35,000.

3. On August 5, 1996, SGA filed an application for a rate reduction. Under Docket D96.8.132 and Order 5938, SGA was granted a temporary reduction. Rates were reduced from a \$5.00 monthly service charge to a \$2.00 service charge and the commodity charge was reduced from \$4.00/MCF to \$3.60/MCF in order to reduce its revenue by approximately \$100,000.

4. A Public Hearing may be held in the future to allow parties the option of pursuing items of interest to them.

5. Any refunds arising from a Final Order different than this Interim Order shall include interest calculated at Shelby Gas Association's return on equity.

6. Rates which implement the increases approved in this Interim Order will be effective for meters read on and after May 1, 1999.

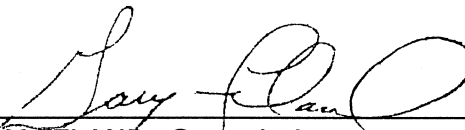
DONE AND DATED at Helena, Montana, this 4th day of May, 1999, by a vote of 5 – 0.


BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION


DAVE FISHER, Chairman


NANCY MCCAFFREE, Vice Chair


BOB ANDERSON, Commissioner


GARY FELAND, Commissioner


BOB ROWE, Commissioner

ATTEST:


Ann Purcell
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.